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SUBMITTED TO THE
HOUSE COMMITTEE ON VETERANS' AFFAIRS
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Chairman Smith, Ranking Member Evans, and other distinguished members of the House Veterans' Affairs Committee:

The Department of Labor is pleased to have this opportunity to provide comments on the state of veterans' employment. We would first like to extend our greetings and congratulations to new committee members and to Chairman Smith, Ranking Member Evans, as well as the returning members of the Committee for a remarkable 107th Congress, which resulted in landmark employment legislation on behalf of our nation's veterans. I would also like to extend our thanks and congratulations to former Chairman of the Benefits Subcommittee, Mike Simpson, and the Ranking Member, Sylvestre Reyes, for their leadership in shepherding H.R. 4015 to Public Law 107-288, the Jobs For Veterans Act.

I will begin my testimony with an overview of the vision of the Veterans' Employment and Training Service (VETS), followed by a descriptive look at the questions presented in your invitation, and close by highlighting some milestone achievements by VETS during the past year. I also welcome any further inquiries you may have in regard to the services we provide and the results we obtain.

A New Vision for a New Century

At the beginning of this past year, Secretary Elaine Chao set a standard for all Department of Labor agencies to focus their efforts toward addressing the issues of the 21st Century Workforce. To this end, the Veterans' Employment and Training Service took an introspective look at our agency's operations, programs and services with the goal of making VETS a world class organization by setting priorities and embracing a vision congruent with the realities facing

veterans in the modern economy. We established a list of top ten priorities to focus our efforts and resources in a manner consistent with the guidance provided by the Secretary, the law, the needs of our partners, and the veterans we serve. In working through this process, our vision as an agency became clear: Veterans succeeding in the 21st Century Workforce.

We believe that U.S. veterans typify the attributes associated with success in the 21st Century Workforce. According to DoD, \$14 billion in public funds are invested each year in the training and education of service members. At the point that they join the civilian labor force, these veterans are not only highly skilled, but extensively cross-trained and infused with the work ethic necessary to meet the demands for increased productivity in the modern economy. They are a 21st Century-Ready Workforce with expertise and experience that readily satisfies many of the skills needs that employers face. Thus, the Department of Labor has acted aggressively to gain insight from the attributes of this population to address the issues of the 21st Century Workforce at large.

Transition Assistance Program (TAP)

The Veterans' Employment and Training Service and our partners are continually working on ways to improve the delivery of TAP services and provide greater accessibility to this program, which has a proven track record of helping separating service members make a transition to civilian life. Providing TAP workshops overseas is a goal that requires combined resources and close partnership of the Departments of Labor and Defense. Secretary Chao and Secretary Rumsfeld met to renew their commitment to improve transition assistance for separating service members worldwide. Department of Labor personnel are working diligently to combine services with DOD to provide service members a distinct advantage when

transitioning from military service to careers in the 21st Century Workforce. The primary concern of both DOD and DOL is to ensure that we provide the same level and quality of services to the 20,000 service members who are separating overseas each year as we provide to the more than 162,000 service members who separate annually in the Continental United States, Alaska, Hawaii and Puerto Rico. As soon as the Departments finalize the plan, we can offer briefings to members and staff.

We will continue our ongoing efforts to assure that all separating service members receive meaningful assistance. To that end, we combined and updated all of our web-based resources into a personalized Internet tool-kit called e-VETS. It is also referred to as the Transition web site, and its address is <http://www.dol.gov/elaws/evets.htm>. The Transition web site offers a wide range of helpful topics, such as job search tools and tips, career assessment, education and training information, civilian certification and licensing, personal financial assistance, employment opportunities, a military occupational specialty crosswalk and information on veterans' benefits. VETS will continue to provide the TAP Manual to those service members separating overseas.

Performance Benchmarks

In addition to the information on TAP, you requested information to establish a performance baseline (benchmark) by which the success of P.L. 107-288 may be measured. Establishing firm performance benchmarks in the inaugural years of landmark legislation is necessary for setting goals for, and achieving, significant improvements in program performance. By setting baseline figures for performance under previous statutes, we are better equipped to measure the success of the new law and to identify necessary course corrections early in the process.

- **Entered Employment Rates** (Attachment 1). You will note that the States reported an average Entered Employment Rate for the first three quarters for FY 2002 (October 1, 2001 - June 30, 2002) was 41%. Entered Employment Rates are being collected using a new, more accurate measure which began on July 1, 2002.
- **National Male Veteran Unemployment Rates by Age Cohorts** (Attachment 2). The 2002 data for national veterans' unemployment rates was released last week. This report reveals for 2002 there were 14,065,000 veterans age 20 and over in the labor force with an unemployment rate of 4.7%. By contrast, the nonveteran age 20 and over showed 120,746,000 in the labor force with a 5.2% unemployment rate. For the age group 20 – 24 veterans had an 11.4% unemployment rate and nonveterans a 9.6% unemployment rate.
- **Unemployment Statistics for Disabled and Special Disabled Veterans.** Employment estimates for disabled and special disabled male veterans are available from a supplement to the Current Population Survey (CPS) published by the Bureau of Labor Statistics (BLS), and cover August 2001. According to the BLS release, about half (50.7%) of all disabled male veterans were in the labor force in August 2001. By contrast, 57.8% of non-disabled male veterans were in the labor force at that time. The unemployment rate was 4.4% for disabled male veterans and 3.4% for their non-disabled counterparts. The unemployment rate for “special” disabled male veterans (rated at least 30% disabled by the VA) was 8.5%.

According to this BLS release, less than two-thirds (61.4%) of all disabled male Vietnam era veterans were in the labor force in August 2001. By contrast, 78.6% of non-disabled male Vietnam era veterans were in the labor force at that time. The unemployment rate was 4.6% for these disabled male veterans and 3.3% for their non-disabled counterparts. The unemployment rate for “special” disabled veterans was 9.9%.

- **Intensive Services Provided to Veterans.** As of Program Year 2002, intensive services are defined as personal case management provided primarily by a Disabled Veterans Outreach Program (DVOP) specialist which includes career guidance, referral to supportive services, job development, referral to training or any combination of those services. For PY 2001, the rate of disabled veterans provided intensive services by DVOPs was 16%.

Summary of Implementation of The Jobs for Veterans Act

You also requested a summary of the Department of Labor's efforts to implement the Jobs for Veterans Act (P.L.107-288). It is apparent that Congress recognized the importance of bringing VETS into the 21st Century by the passage of this law, which invigorates and validates a number of improvements already set in motion by this agency. More importantly, it removes significant barriers and provides increased flexibility to the Department. We have a focused and dedicated staff addressing the multitude of activities that are required by P.L. 107-288. Their activities are being coordinated and tracked to ensure their timely completion.

This legislation requires significant structural changes to the Department's employment and training systems. Change of this magnitude must be carefully managed to ensure a comprehensive, smooth transition under a realistic timeframe. For example, P.L. 107-288 was enacted after the new fiscal year began. Consequently, we must continue to manage the Disabled Veterans Outreach Program specialists and Local Veterans Employment Representatives (LVERs) grants under the current grant provisions.

Other changes include a new funding formula for State DVOP and LVER grants, phased in over a three-year period beginning October 1, 2002, and collection of new workload and performance data to be reported annually to Congress. Currently, the data collection system is based on a Program Year (PY), which is linked to the Employment Service reporting system, and must follow the requirements of the Paperwork Reduction Act. The mechanics of modifying States' software, making program changes, revising input documents and constructing instructional handbooks will all require additional time. This should be completed at the beginning of PY 2004 (July 1, 2004).

A significant amount of time is also required for effective implementation of other elements in P.L. 107-288, such as grant-based performance measures, entered employment thresholds, and performance incentives. This includes essential partner collaboration and the promulgation of regulations. Nevertheless, our goal is to have the necessary agreements with our State partners, and implement the new program elements by the beginning of FY 2004 (October 1, 2003). Issues currently being addressed include:

- **Veterans Priority:** The Jobs for Veterans Act, which creates a priority of service for veterans in the Department of Labor job training programs, will pose some implementation challenges, but we believe priority of service can be harmonized within existing statutory provisions. After passage of P.L. 107-288, the Department immediately established a senior level, multi-agency implementation team to assess, implement and begin administering this important programmatic provision. The Department expects to complete this initial process in the coming weeks
- **Disabled Veterans Outreach Program specialists (DVOPs) and Local Veterans Employment Representatives (LVERs) - (Roles and Responsibilities):** Prior to the passage of P.L. 107-288, a work group consisting of State Workforce Agencies, DVOPs, LVERs, National Association of State Workforce Agencies (NASWA), and VETS' staff was formed in response to recent GAO reports. This work group developed guidelines concerning the roles and responsibilities for DVOPs and LVERs consistent with the reports' focus on intensive services and employer outreach. We expect incorporation of the associated policy guidance, with minor adjustments, to ensure conformity with the Act's definition of intensive services, as part of our State grant planning guidelines to be issued in late May or early June of this year.
- **Performance Measurement:** The performance measures for the Public Labor Exchange (PLE) became effective July 1, 2002, for Program Year (PY) 2002. Grants based performance measures for the DVOP and LVER programs, which parallel the provisions of the Workforce Investment Act (WIA), are being developed and expected to be implemented on July 1, 2003, for PY 2003. DVOP and LVER programs are part of the Administration's common measures initiative for job training and employment programs. Accordingly, several new measures will be implemented for PY 2005.
- **National Threshold for Veterans' Entered Employment Rate:** VETS is reviewing several methodologies for the application of a national entered employment threshold, as required by P.L. 107-288. Due to the lengthy

regulatory process, which invites public comment, we do not anticipate publication of a final rule until later this year.

- **State Funding Formula:** P.L. 107–288 recognized the need to provide funding to States based on the number of veterans seeking employment. In collaboration with the National Association of State Workforce Agencies (NASWA), our State partners, and BLS, we are analyzing a variety of data to determine the best data source of veterans seeking employment. This is fundamental to the State funding formula that was to be phased in over a three-year period starting October 1, 2002. Since VETS’ grant period started on that date and the Bill had not been passed, the old State funding formula for DVOP and LVER programs was used for FY 2003. This requires States to reach their new funding levels based on the revised formula in two years rather than three. Unfortunately, all funding formula models explored to date show major shifts in State funding. We are considering using minimum and hold harmless funding levels during the transition, as permitted by P.L. 107-288, to help reduce the impact of the resulting changes.

Work on other provisions of the law is also moving ahead. Work groups are addressing performance incentives, content of State plans, modification of reporting systems to track services provided to transitioning service members, revision of regulations under the Federal Contractor Program, working with the Office of Personnel Management (OPM) on the new elements of the Veterans Recruitment Appointments, development of one-stop employment services via the Internet and working out the details in establishing the “Committee to Raise Employer Awareness of Skills of Veterans and Benefits of Hiring Veterans.”

Helping Veterans Succeed in the 21st Century

In light of so many changes, the Department of Labor would like to share with you a history of successes that began in this room and are linking your efforts and vision to individual veterans and service members across the nation and around the world.

e-VETS: VETS has developed an Internet-based tool, the e-laws e-VETS Resource Advisor, to help veterans and their family members maneuver through the vast amount of material available on the Internet at <http://www.dol.gov/elaws/evets.htm>. Based on the personal profile and various services selected, the Advisor provides active duty military personnel, veterans, reservists, National Guard members and their families, a list of web site links most relevant to their specific needs and interests. Users can choose from categories including job search skills and tools, employment opportunities through sites such as America's Job Bank, career job listing, assessment tools, education and training, entrepreneurship, veterans service organizations, housing and financial assistance, etc. The site is audited monthly by VETS and fully evaluated every 90 days to ensure accuracy.

PROVET: Promoting Re-employment Opportunities for Veterans is an employer directed job development and placement program. The program focuses on screening, matching and placing job-ready transitioning service members into available, career-building jobs in targeted industries with a recognized labor shortage and growth potential. The initiatives in Tennessee and Ohio proved the concept workable, so additional projects are in the planning stages or underway in three other locations. For example, a San Diego pilot project in the health care field with Kaiser-Permanente as the primary employer "piggybacks" on a dislocated workers' program currently funded by the Employment and Training Administration (ETA). With both VETS and ETA involved, the project serves not only veterans and separating military members, but also spouses of military members. Another project in Georgia will explore the feasibility of allowing military spouses who work in large retail chains to transfer seniority and benefits from store to store, state to state, as the military member transfers from base to base.

USERRA: Today, the significance of the Uniformed Services Employment and Reemployment Rights Act (USERRA) is more important than ever, given the significant number of troop deployments; therefore, we are moving forward with a plan to promulgate regulations for this important law. USERRA protects the reemployment rights of service members who leave civilian jobs for military service, so that they may return to those jobs at the pay, benefits, and status they would have attained had they not been away on duty. We must show our support for these members of our military by providing clear and consistent guidance to them, and to their employers. Regulations will better clarify the rights and responsibilities of these employees and their employers, and help assure that members of the Reserves can serve, secure in the knowledge that their civilian jobs will be waiting for them when they conclude their service.

VETS continues its ongoing outreach efforts to familiarize Reservists and their employers with USERRA and the protections that it provides for job, pension, and health benefits, including recent guidance on how USERRA protects the Family and Medical Leave Act benefits of returning service members. Our on-line e-laws USERRA Advisor, <http://www.dol.gov/elaws/userra0.htm>, provides information and answers for both employers and employees, and is available twenty-four hours a day, seven days a week at no cost to the user. In addition, VETS is working closely with OPM to make federal agencies aware of the rights of our service members. We also have a successful outreach program to unions and business associations, including the U.S. Chamber of Commerce, and have fostered good relationships with these groups. These relationships enable us to emphasize the rights and protections of USERRA to these groups through a variety of ways, such as meetings, web casts, and newsletters.

Other Program Improvements and Initiatives: We at the Department of Labor and the VETS are undertaking initiatives and making measurable improvements in programs and services that will make our organization world class and fully capable of a major role in managing change for the future. For example, VETS is using the Workforce Investment Act, Section 168, Veterans' Workforce Investment Programs (VWIP), to target our employment and training initiatives to populations that need help the most, including economically disadvantaged, homeless and/or disabled veterans. Many veterans within these populations have significant barriers to employment that require specialized services to attain self-sufficiency. VETS is undertaking a Disabled Veterans Hiring Initiative that will provide technical assistance to Federal agencies in recruiting and hiring veterans with disabilities, consistent with Executive Orders 13078 and 13163, thereby complementing efforts being made by the Department of Labor's newly established Office of Disability Employment Policy (ODEP). We will visit Federal agencies in the Washington, D.C. area and other major cities where Federal agencies are located in our efforts to promote increased hiring of disabled veterans.

As partners with other Federal, State, and local homeless service providers, such as HUD, VA, HHS, and Workforce Investment Boards, we are providing program grants through a competitive process under the Homeless Veterans' Reintegration Program (HVRP). These grants provide services that include occupational skills training, job search and placement assistance. During Fiscal Year 2002, a total of 102 grants were awarded. Of these, 43 went to non-profit organizations, 11 were awarded to faith-based organizations, and the remainder went to State and local public agencies. These grants resulted in the enrollment of 12,142 homeless veterans in the program. Of those enrolled, more than half -- 6,605 -- successfully entered employment.

Under the Homeless Veterans Comprehensive Assistance Act of 2001, the Department of Labor and VA partnered to develop a demonstration program to refer and counsel veterans who are making the transition from penal institutions and who are at risk for homelessness. We also formed an interagency work group including members from the Bureau of Prisons and the Small Business Administration whose mission is to establish project objectives, goals, and locations for reducing unemployment, recidivism and homelessness for all qualified veterans who are or were incarcerated or institutionalized. We are also members of the Interagency Council on Homelessness. Prevention of homelessness is one of the key themes of the Council's work, and within that "discharge planning" is a key component ---- whether its military personnel making a transition to civilian life, prisoners being released from incarceration, or persons completing mental health or substance abuse treatment programs. Finally, we have met with potential service providers for incarcerated veterans to discuss funding for two specific demonstration projects that would begin in the spring of 2003. We also expect to launch a third project this fiscal year

Conclusion

Mr. Chairman and members of the Committee, this concludes my statement. It is important to ensure that this Country's veterans succeed in the 21st Century Workforce, particularly in this period of our Nation's history when we are once again asking our young men and women to step forward into harm's way. It is imperative that we provide the assistance they will require when they return from their military service. Together we will manage our programs and the taxpayers' resources to help improve the quality of our Nation's veterans' employment. I will be happy to answer any questions.